

## AUSTRALIAN GOVERNMENT ROCKED BY PHONECARD SLEAZE ROW

Patrick Barkham Monday 30 October 2000 The Guardian

A minister's reputation is on the line after the loan of a phonecard developed into a full-blown scandal, reports Patrick Barkham in Sydney. It is the kind of card many vulnerable young people are given when they leave home for university. Dialling their card number and pin gives them free calls home while Mummy and Daddy pick up the bill. Out in the big wide world, politicians are obviously thought to need the security of free phone cards too: 210 of Australia's 224 MPs have them to charge their business calls to the taxpayer. Today many may be snapping them in two after the events of the last three weeks.

Hogging the headlines since Cathy Freeman and the Olympic bandwagon rode out of town has been the portly figure of Peter Reith, Australia's hitherto unremarkable employment minister. The reason: a \$50,000 bill run up on Reith's ministerial phone card that, initially, the Australian taxpayers were set to pay. What amounts to a little less than £20,000 may seem no big deal, but this is Australia, a country with stringent standards in public life, where journalists frequently sign off pieces with declarations of interest such as: "This article criticising Bill Gates was written on an Apple Mac".

And, just as the sexual proclivities of John Major's minor ministers only became front-page tabloid fodder when the UK prime minister went crusading "back to basics" in the mid-1990s, so the scandal surrounding Reith's phone bill is magnified by the rightwing Australian government's current crackdown on shifty welfare practices. Influential talk radio stations across the country have christened the affair "dial-a-rort" (rort is Australian slang for fraud). Like similar British political scandals, the devil is in the detail and the drip, drip, drip of disclosure.

Parliamentary rules were broken. Back in 1994 Reith gave his son, Paul - now a pudgy-faced London-based merchant banker - his phone card to use, flouting the rule that decrees they can only be used by politicians for work purposes. "I did give the card to my son, and I should not have done so," Reith admitted. But he and his son have maintained that the people who subsequently obtained the card and made 11,000 free phone calls from 900 different locations over a period of five years did so without their knowledge or permission.

No action was taken by the phone company, the government finance office that paid the bills, or the minister in question, all of whom claim to have remained ignorant of the fraud. When it was belatedly discovered, Reith and his boss, the prime minister, John Howard, sat on the secret for six months while internal and police investigations were undertaken. And when the Canberra Times uncovered the matter, Reith, a large, lugubrious man, blustered that he had paid the \$950 bill racked up by his son.

The minister initially refused to fork out the remaining \$49,050, claiming he had no responsibility for the card's fraudulent use, a position supported by the director of public prosecutions. Faced with footing a \$50,000 bill, Australian taxpayers condemned what they saw as hypocrisy, for Reith had carved out a reputation for ruthlessly rooting out dubious practices during the Labour government's 13-year tenure.

Sex then stepped in. Unhelpfully for Reith, the investigating solicitor general glamorised the case by naming the prime suspects in the allegedly fraudulent use of the card "Miss X" and "Mr Y". Miss X unveiled herself as the photogenic Ingrid Odgers, a former flatmate of young Paul Reith's boasting impeccably conservative credentials and an account that clashed with the minister's story. She declared she had been freely given the number by Paul Reith who "insisted" she used it.

Both Reiths denied this. In parliament today the opposition sought to capitalise from Odgers's suggestion that government officials must have known about the fraud in 1994, as she was warned off using the card by an official that year. Four days of pressure resulted in Peter Reith grudgingly agreeing to pay the full \$50,000, citing that although legal opinion did not oblige him, fears for damaging the government's "reputation" compelled him.

Despite the public outcry, Howard has stood by his man. It is a risky strategy for the prime minister, who faces a general election in 12 months and finds himself derided by Australia's cafe latte-sipping classes as a small man around whom charisma gave a wide berth. Reports from Reith's cast-iron conservative constituency suggest voters would ditch him tomorrow given the chance. But to turn the episode into a symbol of a more general government malaise needs further scandal as well as a sleaze-free opposition.

New revelations that other government ministers have sampled free bottles of champagne and cigars could be the start of a sleaze-hunt reminiscent of mid-1990s Britain but, luckily for Howard, the opposition leader, Kim Beazley, lacks the whiter-than-white hue of a young Tony Blair. Beazley's Labour party is beset by scandals of its own, most notably allegations of vote-rigging in Queensland. Still in office, but with Australian commentators declaring his career in ruins, Reith must be ruing the day he casually tossed his political future into the dial-happy hand of his son.

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